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FISCAL IMPACT STATEMENT

LS 7235

BILL NUMBER: HB 1337

NOTE PREPARED: Jan 20, 2015

BILL AMENDED:

SUBJECT: Veterans Deductions.

FIRST AUTHOR: Rep. Moseley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill authorizes the fiscal body of a county to adopt an ordinance to make the property tax deduction available under current law to World War I veterans available instead to veterans of World War II and veterans who served in the Korean Conflict or in the Vietnam Conflict.

The bill also authorizes the fiscal body of a county to adopt an ordinance to provide a property tax deduction to the surviving spouses of veterans of World War II and to the surviving spouses of veterans who served in the Korean Conflict or in the Vietnam Conflict that is equivalent to the current property tax deduction for surviving spouses of World War I veterans.

This bill provides that properties remain subject to the deduction following the repeal of a deduction ordinance as long as the owner and the property remain otherwise eligible for the deduction. It specifies that veterans and surviving spouses of veterans may receive multiple property tax deductions based on veteran or surviving spouse status.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Any fiscal impact under this bill depends on local action by the county

fiscal body.

Veterans: Under this bill, county councils could vote to provide an estimated 111,900 Hoosier veterans with property tax deductions of up to \$18,720 for taxes payable in 2016. If all counties adopt the deduction, the deduction could reduce the tax base by up to \$2.09 B AV and shift up to \$46 M in property tax from the taxpayers receiving the deduction to all other taxpayers. In 2017, the deduction may affect 106,800 veterans with a total deducted AV of \$2.0 B and a tax shift of up to \$44 M. Circuit breaker losses for civil taxing units and schools may also be affected.

The U.S. Department of Veterans Affairs estimates that in 2016 there will be 190,950 living veterans from these three time periods. In 2017, that estimate drops to 182,250. The home ownership rate in Indiana is 68.5%. If it is the same for veterans, there may be 130,850 veteran homeowners from the period in 2016 and 124,900 in 2017.

Only homes that have a gross AV not exceeding \$206,500 may qualify. Statewide, 85.5% of single family, owner-occupied homes have a gross AV of \$206,500 or less. If it is the same for veterans, then an estimated 111,900 veterans could qualify for a deduction in 2016 and 106,800 veterans could qualify in 2017, if all counties adopt.

Surviving Spouses: Under this bill, county councils could also vote to provide property tax deductions of up to \$18,720 to the surviving spouses of veterans who served in WWII, the Korean Conflict, or the Vietnam Conflict. There is no maximum AV limit to qualify for this deduction. Data concerning surviving spouses are not available. An unknown number of surviving spouses would qualify. The AV base would be reduced by an unknown amount and taxes would shift from the surviving spouses to all taxpayers.

State Agencies Affected:

Local Agencies Affected: County councils; County auditors; civil taxing units and school corporations.

Information Sources: LSA parcel-level database; U.S. Department of Veterans Affairs.

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